

CITY OF LEESBURG
MUNICIPAL POLICE OFFICERS'
PENSION TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2011

CONTRIBUTIONS APPLICABLE TO THE PLAN/
FISCAL YEAR ENDED SEPTEMBER 30, 2013



December 5, 2011

Ms. Barbara C. Cooper
Plan Administrator
Post Office Box 64
Lady Lake, Florida 32158

Re: City of Leesburg Municipal Police Officers' Pension Trust Fund

Dear Barb:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Leesburg Municipal Police Officers' Pension Trust Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Leesburg, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.


Ms. Barbara C. Cooper
December 5, 2011
Page Two

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Leesburg, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Leesburg Municipal Police Officers' Pension Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: 
Patrick T. Donlan, ASA, MAAA
Enrolled Actuary #11-6595

PTD/rv

Enclosures

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SECTION I
INTRODUCTION

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Leesburg Municipal Police Officers' Pension Trust Fund, performed as of October 1, 2011, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2013.

The contribution requirements, compared with those developed in the October 1, 2010, Actuarial Valuation Report, are as follows:

Valuation Date	10/1/2010	10/1/2011
Applicable Plan/Fiscal Year End	<u>9/30/2012</u>	<u>9/30/2013</u>
Total Required Contribution		
% of Total Annual Payroll	20.95%	23.22%
Less Member Contributions		
% of Total Annual Payroll	7.65%	7.65%
Equals Required City and State		
% of Total Annual Payroll	13.30%	15.57%
Less State Contribution *	161,437	161,437
% of Total Annual Payroll	4.38%	4.38%
Balance from City		
% of Total Annual Payroll	8.92%	11.19%

* The City may use up to \$213,695.18 of State Monies, if received, in determining their bottom line funding requirement.

** Please note the City has a contribution shortfall of \$59,696.03 (see Page 19) in addition to the above stated requirement for fiscal 2012.

*** As requested by the Division of Retirement, the required contribution from the City and State for the year ending September 30, 2012, is 13.30% of the actual Non-DROP payroll realized in that year. As a budgeting tool, the City may contribute 8.92% of each non-DROP Member's Salary and then make a one-time adjustment to account for the actual State Monies received (up to the maximum \$213,695.18). The City and State requirement for the fiscal year ending September 30, 2013 will be 15.57% of the actual Non-DROP payroll realized in that year.


As can be seen, the Total Required Contribution has increased when expressed as a percentage of Total Annual Payroll. This increase is the result of net unfavorable actuarial experience over the past year. The principal component of unfavorable experience was a -1.3% investment return (Actuarial Asset Basis) that was significantly less than the 7.9% assumption. These investment losses were partially offset by average increases in Pensionable Earnings that were approximately 5% less than the assumed rate, and greater than expected employee turnover.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Patrick T. Donlan, EA, ASA, MAAA

By: 
Drew D. Ballard, B.S.

Plan Changes Since Prior Valuation

There have been no amendments to the plan since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

There have been no changes in assumptions or methods since the prior valuation.

Comparative Summary of Principal Valuation Results

	<u>10/1/2011</u>	<u>10/1/2010</u>
A. Participant Data		
Number Included		
Actives	71	72
Service Retirees	25	23
Beneficiaries	0	0
Terminated Vested	9	7
Disability Retirees	1	1
DROP Retirees	0	0
Total	<u>106</u>	<u>103</u>
Total Annual Payroll	\$3,687,749	\$3,738,540
Payroll Under Assumed Ret. Age	3,687,749	3,738,540
Annual Rate of Payments to:		
Service Retirees	632,042	562,374
Beneficiaries	0	0
Terminated Vested	67,102	67,102
Disability Retirees	22,283	22,283
DROP Retirees	0	0
B. Assets		
Actuarial Value	13,237,121	13,318,716
Market Value	12,285,713	12,360,304
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	10,860,331	10,854,594
Disability Benefits	553,638	550,019
Death Benefits	275,184	317,438
Vested Benefits	1,329,849	1,361,142
Refund of Contributions	207,723	216,275
Service Retirees	6,260,947	5,528,555
Beneficiaries	0	0
Terminated Vested	555,988	500,826
Disability Retirees	157,361	164,622
DROP Retirees *	0	0
Excess State Monies Reserve	67,056	67,056
Total	<u>20,268,077</u>	<u>19,560,527</u>

* Liabilities shown represent present value of future payments. Assets in item B., above, do not include accumulated DROP account balances.

	<u>10/1/2011</u>	<u>10/1/2010</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	32,611,637	31,904,265
Present Value of Future Member Contributions	2,494,790	2,440,676
Normal Cost (FIL Method)	709,070	644,143
Present Value of Future Normal Costs (Entry Age)	4,140,948	3,499,306
Actuarial Accrued Liability	13,997,607	14,063,487
Unfunded Actuarial Accrued Liability (UAAL)	760,486	744,771

D. Actuarial Present Value of Accrued Benefits

Vested Accrued Benefits		
Inactives	6,974,296	6,194,003
Actives	3,125,275	2,834,344
Member Contributions	<u>2,180,231</u>	<u>2,071,084</u>
Total	12,279,802	11,099,431
Non-vested Accrued Benefits	<u>152,771</u>	<u>108,470</u>
Total Present Value Accrued Benefits	12,432,573	11,207,901
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	993,796	
Benefits Paid	(629,676)	
Interest	860,552	
Other	<u>0</u>	
Total:	1,224,672	

Valuation Date	10/1/2011	10/1/2010
Applicable to Fiscal Year Ending	<u>9/30/2013</u>	<u>9/30/2012</u>

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll*	19.99	17.91
Administrative Expenses (with int.) % of Total Annual Payroll*	0.82	0.86
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 23 years (as of 10/1/11) % of Total Annual Payroll*	2.41	2.18
Total Required Contribution % of Total Annual Payroll*	23.22	20.95
Expected Member Contributions % of Total Annual Payroll*	7.65	7.65
Expected City & State Contrib. % of Total Annual Payroll*	15.57	13.30

F. Past Contributions

Plan Years Ending:	<u>9/30/2011</u>
Total Required Contribution	750,855
City and State Requirement	452,835
Actual Contributions Made:	
Members	296,084
City	291,398
State	161,437
Total	<u>748,919</u>

G. Net Actuarial Gain (Loss)	N/A
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* Contributions developed as of 10/1/11 are expressed as a percentage of total annual payroll at 10/1/11 of \$3,687,749

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2011	\$760,486
2012	728,501
2013	691,227
2018	406,464
2023	78,896
2033	35,744
2034	0

I. (i) 3 Year Comparison of Actual and Assumed Increases in Pensionable Earnings

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2011	0.9%	6.2%
Year Ended	9/30/2010	1.1%	6.2%
Year Ended	9/30/2009	0.6%	6.2%

(ii) 3 Year Comparison of Investment Return on Actuarial Value


		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2011	-1.3%	7.9%
Year Ended	9/30/2010	2.0%	8.0%
Year Ended	9/30/2009	1.8%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2011	\$3,687,749
	10/1/2001	2,211,172
(b) Total Increase		66.8%
(c) Number of Years		10.00
(d) Average Annual Rate		5.2%

Statement by Enrolled Actuary

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

 12/5/11
Patrick T. Donlan, EA, MAAA
Enrolled Actuary #11-6595

A copy of this Report is to be furnished to the Division of Retirement within 60 days of receipt from the actuary at the following address:

Patricia Shoemaker
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

SECTION II
VALUATION INFORMATION

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2010	\$744,771
(2)	City and State Normal Cost Applicable for the year *	389,234
(3)	Interest on (1) and (2)	89,586
(4)	Sponsor Contributions to the System during the year ending September 30, 2011	452,835
(5)	Interest on (4)	10,270
(6)	Unfunded Accrued Liability as of October 1, 2011 (1)+(2)+(3)-(4)-(5)	760,486

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2011 Amount</u>	<u>Amortization Amount</u>
"A"	10/1/1991	10	495,662	60,555
"B"	10/1/1998	17	375,134	31,190
"C"	10/1/2001	20	(1,012,150)	(75,942)
"D"	10/1/2003	22	(46,272)	(3,282)
"E"	10/1/2004	23	269,175	18,616
Method Change	10/1/2008	17	282,741	23,508
Assum Changes	10/1/2010	19	<u>396,196</u>	<u>30,678</u>
			760,486	85,323

*Includes \$31,089 for administrative expenses.

ACTUARIAL ASSUMPTIONS AND FUNDING METHODS

Assumptions

<u>Mortality Rate</u>	RP-2000 Table (combined healthy with no projection) - Sex Distinct. Disableds set forward 5 years.
<u>Interest Rate</u>	7.9% per year, compounded annually, net of investment related expenses.
<u>Retirement Age</u>	Earlier of: 1.) Age 50 and 25 years of Credited Service, or 2.) Age 55 and 10 years of Credited Service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.
<u>Early Retirement</u>	Commencing at eligibility for Early Retirement (Age 45 with 10 years of Credited Service), Members are assumed to retire with an immediate benefit at the rate of 2% per year.
<u>Disability Rate</u>	See table below (1207). 75% are assumed In-Line of Duty and 25% are assumed Not-In-Line of Duty.
<u>Termination Rate</u>	See table below (1302).
<u>Salary Increases</u>	6.2% per year until the assumed retirement age; see table below. Projected salary at retirement is increased 22% to account for non-regular compensation.
<u>Cost-of-Living Adjustment</u>	None.
<u>Administrative Expenses</u>	\$29,228 added to Normal Cost (average of non-investment expenses for the past 2 years).
<u>Payroll Growth Assumption</u>	3% annually for amortizing UAAL.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 50</u>
20	9.0%	.07%	16.5%
30	7.5	.11	30.0
40	3.9	.19	54.8
50	1.2	.51	100.0

Funding Methods

Frozen Entry Age Actuarial Cost Method

VALUATION NOTES

Total Annual Payroll is the annual rate of pay for the fiscal year preceding the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

Unfunded Actuarial Accrued Liability (UAAL) is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Frozen Entry Age Actuarial Cost Method is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. See the "Reconciliation of Unfunded Actuarial Accrued Liability" for details regarding the current status of the separate liabilities.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1989	86,931.00	N/A
1990	86,717.00	-0.2%
1991	87,109.00	0.5%
1992	77,914.00	-10.6%
1993	83,595.00	7.3%
1994	91,204.00	9.1%
1995	93,883.00	2.9%
1996	103,247.00	10.0%
1997	109,924.00	6.5%
1998	116,718.00	6.2%
1999	118,411.00	1.5%
2000	114,628.00	-3.2%
2001	120,045.00	4.7%
2002	137,613.00	14.6%
2003	159,149.65	15.7%
2004	166,624.90	4.7%
2005	184,093.15	10.5%
2006	184,827.50	0.4%
2007	184,093.15	-0.4%
2008	184,093.15	0.0%
2009	170,126.72	-7.6%
2010	159,138.64	-6.5%
2011	161,436.95	1.4%

EXCESS STATE MONIES RESERVE

	<u>Actual State Distribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1998	116,718.18	116,718.18	0.00
1999	118,410.85	116,718.18	1,692.67
2000	114,627.92	116,718.18	0.00
2001	120,045.31	117,037.18	3,008.13
2002	137,612.65	117,037.18	20,575.47
2003	159,149.65	117,037.18	42,112.47
2004	166,624.90	117,037.18	49,587.72
2005	184,093.15	117,037.18	67,055.97
2006	184,827.50	213,695.18	0.00
2007	184,093.15	213,695.18	0.00
2008	184,093.15	213,695.18	0.00
2009	170,126.72	213,695.18	0.00
2010	159,138.64	213,695.18	0.00
2011	161,436.95	213,695.18	<u>0.00</u>
Total:			184,032.43
Less amounts used in funding Ord. No. 05-114 (Compensation Definition):			(116,976.46)
Total Current State Monies Reserve:			67,055.97

SECTION III
TRUST FUND

City of Leesburg
Municipal Police Officers' Pension Trust Fund

BALANCE SHEET
September 30, 2011

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Petty Cash	173.44	173.44
Money Market	524,870.00	524,870.00
Cash	451.54	451.54
Total Cash and Equivalents	525,494.98	525,494.98
Receivable:		
Member Contributions in Transit	10,344.03	10,344.03
Additional City Contributions	59,696.03	59,696.03
Total Receivable	70,040.06	70,040.06
Investments:		
U S Govt/Govt Sponsored/Agency	1,753,602.84	1,916,032.99
Corporate Bonds/CMOs/REMICs	1,290,092.05	1,330,553.10
Corporate Stocks/REITs	6,886,482.26	6,731,987.65
Foreign Bonds	67,669.40	71,406.45
Mutual Funds:		
Fixed Income	630,000.00	606,528.35
Pooled/Common/Commingled Funds:		
Equity	1,000,000.00	1,033,669.53
Total Investments	11,627,846.55	11,690,178.07
TOTAL ASSETS	12,223,381.59	12,285,713.11
<u>LIABILITIES AND NET ASSETS</u>		
Total Liabilities	0.00	0.00
Net Assets:		
Active and Retired Members' Equity	12,223,381.59	12,285,713.11
DROP Plan Benefits	0.00	0.00
Total Net Assets	12,223,381.59	12,285,713.11
TOTAL LIABILITIES AND NET ASSETS	12,223,381.59	12,285,713.11

City of Leesburg
Municipal Police Officers' Pension Trust Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2011
Market Value Basis

REVENUES

Contributions:		
Member	296,084.41	
City	291,398.03	
State	161,436.95	
Total Contributions		748,919.39
Earnings from Investments		
Interest & Dividends	339,477.59	
Net Realized Gain (Loss)	(2,219.74)	
Unrealized Gain (Loss)	(396,447.65)	
Total Earnings and Investment Gains		(59,189.80)

EXPENDITURES

Expenses:		
Investment Related*	105,141.48	
Administrative	29,503.50	
Total Expenses		134,644.98
Distributions to Members:		
Benefit Payments	610,255.41	
Lump Sum DROP Balances	0.00	
Termination Payments	19,420.38	
Total Distributions		629,675.79
DROP Account Net Change		0.00
Change in Net Assets for the Year		(74,591.18)
Net Assets Beginning of the Year		12,360,304.29
Net Assets End of the Year		12,285,713.11

*Investment Related expenses include investment advisory, custodial and performance monitoring fees.

City of Leesburg
Municipal Police Officers' Pension Trust Fund

ACTUARIAL ASSET VALUATION
September 30, 2011

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years, but are limited to 120% of Market Value, if less.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*
9/30/08	-13.70%
9/30/09	1.39%
9/30/10	9.98%
9/30/11	-1.32%

Annualized Rate of Return
for prior four (4) years: -1.28%

(A) 10/01/10 Actuarial Assets: \$13,318,716.09

(I) Net Investment Income:

1. Interest and Dividends	339,477.59
2. Realized Gains (Losses)	(2,219.74)
3. Change in Actuarial Value	(403,451.83)
4. Investment Related Expenses	(105,141.48)
Total	<u>(171,335.46)</u>

(B) 10/01/11 Actuarial Assets: \$13,237,120.73

Actuarial Asset Rate of Return = $2I/(A+B-I)$: -1.28%

10/01/11 Limited Actuarial Assets: \$13,237,120.73
(Lesser of Actuarial Assets or 120% of Market Value)

*Market Value Basis, net of investment related expenses

City of Leesburg
Municipal Police Officers' Pension Trust Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2011
Actuarial Asset Basis

REVENUES

Contributions:		
Member	296,084.41	
City	291,398.03	
State	161,436.95	
Total Contributions		748,919.39
Earnings from Investments		
Interest & Dividends	339,477.59	
Net Realized Gain (Loss)	(2,219.74)	
Change in Actuarial Value	(403,451.83)	
Total Earnings and Investment Gains		(66,193.98)

EXPENDITURES

Expenses:		
Investment Related*	105,141.48	
Administrative	29,503.50	
Total Expenses		134,644.98
Distributions to Members:		
Benefit Payments	610,255.41	
Lump Sum DROP Balances	0.00	
Termination Payments	19,420.38	
Total Distributions		629,675.79
DROP Account Net Change		0.00
Change in Net Assets for the Year		(81,595.36)
Net Assets Beginning of the Year		13,318,716.09
Net Assets End of the Year**		13,237,120.73

*Investment Related expenses include investment advisory, custodial and performance monitoring fees.

**Net Assets may be limited for actuarial consideration

City of Leesburg
Municipal Police Officers' Pension Trust Fund
DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2010 through September 30, 2011

<u>Name</u>	<u>9/30/10 Balance</u>	<u>Additions</u>	<u>Investment Return</u>	<u>Distributions</u>	<u>9/30/11 Balance</u>
No current DROP members					
Total	0.00	0.00	0.00	0.00	0.00

CITY OF LEESBURG
MUNICIPAL POLICE OFFICERS' PENSION TRUST FUND

RECONCILIATION OF CITY'S SHORTFALL CONTRIBUTION FOR THE
FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2011

(1) City and State Required Contribution Rate (from the October 1, 2009 Actuarial Valuation Report)	11.7%
(2) Pensionable Payroll Derived from Member Contributions	\$3,870,384.44
(3) Required City and State Contribution (1) x (2)	452,834.98
(4) Less Allowable State Contribution	<u>(161,436.95)</u>
(5) Equals Required City Contribution	291,398.03
(6) Less Actual City Contributions	<u>(231,702.00)</u>
(7) Equals City's Shortfall Contribution as of September 30, 2011	\$59,696.03

SECTION IV
MEMBER STATISTICS

ELIGIBILITY FOR RETIREMENT

Members are eligible for Normal Retirement based upon the following criteria:

- 1.) Earlier of Age 55 and 10 Years of Credited Service,
- or 2.) Age 50 and 25 Years of Credited Service

Members are eligible for Early Retirement based upon the following criteria:

- 1) Attained Age 45 with 10 Years of Credited Service

As of the date of this valuation, the following list of Members are eligible for:

<u>Normal Retirement</u>	<u>Early Retirement</u>
None	BARRETT JR, GARY L. BEAN, EARLL CASH, BRIAN CHRISMAN, WILLIAM J. DANIELS, JOHN FROST, MARLENE NEAL, MICHAEL PETROSKI, DAVID G. STEWART, KIM E THOMAS, KAREN R. TOLER, LOUIS S.

STATISTICAL DATA

(Averages are salary weighted)

	<u>10/1/2008</u>	<u>10/1/2009</u>	<u>10/1/2010</u>	<u>10/1/2011</u>
Number	64	67	72	71
Average Current Age	39.2	39.2	39.6	40.3
Average Age at Employment	29.2	29.7	30.0	30.4
Average Past Service	9.9	9.5	9.6	9.9
Average Annual Salary	\$54,834	\$51,935	\$51,924	\$51,940

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	2	2	0	0	0	0	0	0	0	0	4
25 - 29	1	2	3	1	1	0	0	0	0	0	0	8
30 - 34	1	1	1	0	0	3	2	0	0	0	0	8
35 - 39	1	1	1	2	0	5	4	0	0	0	0	14
40 - 44	2	2	3	0	0	2	5	4	2	0	0	20
45 - 49	0	0	1	1	1	0	3	2	2	0	0	10
50 - 54	0	0	0	0	0	2	1	2	1	0	0	6
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	0	1	0	0	0	0	0	1
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	5	8	11	4	2	13	15	8	5	0	0	71

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/10	72
b. Terminations	
i. Vested (partial or full) with deferred benefits	2
ii. Non-vested or full lump sum distribution received	2
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	2
f. Entered DROP	0
g. Continuing participants	66
h. New entrants	5
i. Total active life participants in valuation	71

2. Non-Active lives (including beneficiaries receiving benefits)

	<u>Service Retirees, Vested Receiving Benefits</u>	<u>Receiving Death Benefits</u>	<u>Receiving Disability Benefits</u>	<u>Vested Deferred</u>	<u>DROP</u>	<u>Total</u>
a. Number prior valuation	23	0	1	7	0	31
b. In	2	0	0	2	0	4
c. Out	0	0	0	0	0	0
d. Number current valuation	25	0	1	9	0	35

SECTION V
SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS (Through Ordinance No. 11-32)

<u>Eligibility</u>	Full-time sworn police officers.
<u>Salary</u>	Reportable W-2 compensation, less Christmas bonuses, but including lump sum payment of accrued sick leave, accrued annual leave, or accrued compensatory leave, plus all tax deferred (IRC Section 414(h)(2) and IRC Section 457 contributions) and tax exempt (IRC Section 125) items of income.
<u>Average Final Compensation</u>	Average of Salary paid during the 4 best years of the last 10 years of Credited Service.
<u>Credited Service</u>	Years and fractional parts of years of service with the City as a Police Officer.
<u>Normal Retirement</u>	
Date	Earlier of 1.) Age 50 and the completion of 25 Years of Credited Service, or 2.) Age 55 and the completion of 10 years of Credited Service.
Benefit	3.00% of Average Final Compensation <u>times</u> Credited Service prior to May 27, 2003, and 2.00% thereafter.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 45 and completion of 10 years of Credited Service.
Benefit	Accrued benefit, reduced 3.0% per year.
<u>Disability Benefit</u>	
Eligibility	Total and permanent; Medical proof required. 10 years of Credited Service required for non-service incurred disability benefit.
Exclusions	Disability resulting from the use of drugs, illegal participation in riots, service in military, etc.

Benefit**Service Connected**

Greater of accrued benefit or 50% of Average Final Compensation.

Non-Service Connected

Greater of accrued benefit or 25% of Average Final Compensation.

Pre-Retirement Death Benefit**Service Connected**

Beneficiary receives a monthly benefit which can be provided by the greater of: 1.) present value of Member's accrued benefit, or 2.) lesser of 24 times the Member's Average Final Compensation, or 100 times the Member's anticipated normal retirement benefit.

Non-Service Connected

If less than 10 years of service, beneficiary receives a refund of Member contributions; otherwise, same as service connected benefits.

Death After Retirement

Benefit payable in accordance with optional form of pension selected at time of retirement.

Vesting (Termination of Employment)**Less than 10 years**

Refund of Member Contributions.

10 years or more

Accrued pension payable on a reduced basis at Normal (unreduced) or Early (reduced) Retirement Date.

Member Contributions

7.65% of Salary.

City Contributions

Amount required after State premium tax refunds in order to pay current costs and amortize unfunded past service cost, as provided in Part VII, Chapter 112, Florida Statutes.

Board of Trustees

- a.) Two City residents appointed by the City Commission,
- b.) Two Police Officers elected by a majority of Police Officers and
- c.) A fifth Member elected by the Board and appointed (as a ministerial duty) by the City Commission.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 36 months.
Rate of Return	Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.
Form of Distribution	Cash lump sum (options available) at termination of employment.

SECTION VI

**GOVERNMENTAL ACCOUNTING STANDARDS
BOARD STATEMENTS NO. 25 AND NO. 27 INFORMATION**

**DISCLOSURE INFORMATION PER STATEMENT NO. 25 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

The schedule provided below has been prepared in accordance with the requirements of paragraph 37 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets ** (a)	Actuarial Accrued Liability (AAL) - Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/01/11	13,237,121	13,997,607	760,486	94.57%	3,687,749	20.62%
10/01/10	13,318,716	14,063,487	744,771	94.70%	3,738,540	19.92%
10/01/09	13,015,917	13,451,873	435,956	96.76%	3,479,653	12.53%
10/01/08	13,185,827	13,661,930	476,103	96.52%	3,509,401	13.57%
10/01/07	12,734,501	12,913,643	179,142	98.61%	3,603,003	4.97%
10/01/06	11,635,558	11,828,037	192,480	98.37%	3,316,192	5.80%

The schedule provided below has been prepared in accordance with the requirements of paragraph 38 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
2011	452,835	291,398	161,437	100.00%
2010	445,066	285,927	159,139	100.00%
2009	437,542	266,854	170,127	99.87%
2008	411,998	225,967	184,093	99.53%
2007	376,923	189,272	184,093	99.06%
2006	357,152	165,084	184,828	97.97%

* Frozen per Chapter 185, Florida Statutes.

** Actuarial Value, less Funding Credit Balance.

*** The remaining required contribution came from the Funding Standard Account

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/11

City	7.4%
Plan Members	7.65%
Annual Pension Cost	291,398
Contributions made	291,398
Actuarial valuation date	10/1/2009
Actuarial cost method	Frozen Entry Age
Amortization method	Level percentage of pay, closed
Remaining amortization period	25 Years (as of 10/1/09)
Asset valuation method	4 Year Smooth (Market)
Actuarial assumptions:	
Investment rate of return	7.9% (as of 10/1/10)
Projected salary increase*	6.2%
* Includes inflation at	3.0%
Post Retirement COLA	0.0%

THREE YEAR TREND INFORMATION

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC * Contributed</u>	<u>Net Pension Obligation</u>
9/30/2011	291,398	100%	0
9/30/2010	285,927	100%	0
9/30/2009	267,415	100%	0

* Annual Pension Cost from City sources.

SECTION VII

SENATE BILL 1128 COMPLIANCE

SENATE BILL 1128 COMPLIANCE

Senate Bill 1128 amended Section 112.63 of the Florida Statutes to require that each plan report the plan's accrued vested, nonvested, and total benefits, as adopted by the Financial Accounting Standards Board, using the Florida Retirement System's assumed rate of return, which is currently 7.75%. The bill states that this is to promote comparability of actuarial data between local law plans.

While these calculations are required for compliance purposes, it is the view of Foster & Foster that utilizing this information to compare local law plans is extremely dangerous. There are many other assumptions inherent in the actuarial valuation, and they may differ widely from one plan to another. Additionally, benefit levels, funding policies, asset allocation, and the age of the plan itself all must be considered when comparing defined benefit plans.

Present Value of Accrued Benefits at 7.75% Interest

Vested Accrued Benefits	
Inactives	\$7,059,773
Actives	3,228,458
Member Contributions	<u>2,180,231</u>
Total	12,468,462
 Non-Vested Accrued Benefits	 162,255
 Total Present Value of Accrued Benefits	 \$12,630,717